

BOARD MEETING DATE: December 3, 2004

AGENDA NO. 42

PROPOSAL: Amend Rule 102 – Definition Of Terms; Rule 201 – Permit To Construct; Rule 201.1 – Permit Conditions In Federally Issued Permits To Construct; Rule 202 – Temporary Permit To Operate; Rule 203 – Permit To Operate; Rule 219 Equipment Not Requiring A Written Permit Pursuant To Regulation II; Adopt Proposed Rule 312 – Special Permitting Fees For Agricultural Sources.

SYNOPSIS: The Health and Safety Code now mandates written permits for certain agricultural sources. Proposed Amended Rule 102 adds or amends definitions necessary to implement these requirements. Proposed Amended Rules 201, 201.1, 202 and 203 establish permitting procedures for these sources. Proposed Amended Rule 219 identifies the agricultural sources that are no longer exempt from written permits and when applications are to be submitted. To facilitate the permitting of existing agricultural sources, Proposed Rule 312 sets the special permitting fees for a transitional period that extends through June 30, 2005.

COMMITTEE: Stationary Source, October 22 and November 19, 2004, Reviewed

RECOMMENDED ACTION:

Adopt the attached resolution:

1. Amending Rules 102, 201, 201.1, 202, 203, and 219.
2. Adopting Rule 312 – Special Permitting Fees For Agricultural Sources
3. Certifying the Notice of Exemption (NOE) from the California Environmental Quality Act (CEQA) for Proposed Amended Rules 102, 201, 201.1, 202, 203, and 219 and Proposed Rule 312.

Barry R. Wallerstein, D.Env.
Executive Officer

Background

Senate Bill 700 – Agricultural Air Quality (SB 700) was enacted into law on January 1, 2004, amending California Health and Safety Code Section 42310 and adding Sections 39011.5, 39023.3, 40724, 40724.5, 40724.6, 40724.7, 40731, 42301.16, 42301.17, 42301.18, and 44559. Section 42301.16 eliminated the exemption from the permit system of local air pollution control districts for certain large agricultural operations. Agricultural operations represent a significant source of air pollution throughout the state. Emissions from agricultural sources for calendar year 2003 are estimated to be more than 13 tons per day of VOCs, 8 tons per day of NO_x, and over 3 tons per day of PM₁₀ in the SCAQMD.

Prior to enactment of SB 700, with the exemption from permitting, agricultural facilities were not included in the state's Title V permitting program required by the federal Clean Air Act. The U.S. EPA proposed disapproving California's Title V permitting program because of the exemption and the significant source of air pollution that agricultural operations represent.

SB 700 was adopted to harmonize state and federal permitting requirements and to recognize the contribution to the state's air pollution from agricultural operations. Specifically, all agricultural sources with a potential to emit air contaminants, excluding fugitive emissions, of a magnitude that would be subject to Title V and all with actual emissions equal to or greater than one-half of the Title V emission thresholds, excluding fugitive dust and emissions from soil amendments and fertilizers, are required to have AQMD permits. This requirement applies to equipment traditionally permitted at other sources, as well as confined animal facilities such as dairies and poultry farms. Equipment at agricultural sources below these thresholds will remain exempt unless additional specific Board actions are taken as outlined in SB 700.

Summary of Proposed Amendments / Adoption

These proposals are crafted to facilitate the permitting of equipment at agricultural facilities (including confined animal facilities) by streamlining requirements, incorporating reduced fee provisions, and identifying equipment that is exempt from written permits.

Proposed Amended Rule 102 – Definition of Terms

This amendment adds or modifies several definitions. The term agricultural source is added, consistent with that same term defined in the text of SB 700 to include all the sources of air emissions on contiguous property under the same ownership or control that are used in the production of crops or the raising of fowl or animals. The term agricultural permit unit is also added to identify each individual piece of equipment or operation that will require Permits to Construct and Permits to Operate. This definition is similar to that used to identify equipment requiring an AQMD permit at other

stationary sources except that it also includes confined animal facilities and allows all orchard wind machines at a source operated under limited conditions to be a single permit unit. Although confined animal facilities may require a permit, the production of crops in and of itself does not require a permit and therefore is not defined as an agricultural permit unit.

Confined animal facility is defined consistent with SB 700, with a de minimus level based on the number of animals or fowl at a facility that is the same as the exemption level in Rule 1127, based upon the number of animals at a dairy farm. Also, since emissions of hazardous air pollutants also have Title V thresholds, this term has been defined consistent with federal requirements. The definition of orchard heater has been modified to clarify that these devices must meet the requirements of the California Health and Safety Code. Finally, the term orchard wind machine is defined to clarify that for air quality purposes the concern is only for those powered by internal combustion engines.

Proposed Amended Rule 201 – Permit To Operate, Proposed Amended Rule 201.1 – Permit Conditions in Federally Issued Permits To Construct, Proposed Amended Rule 202 – Temporary Permit To Operate, and Proposed Amended Rule 203 – Permit To Operate

These rules are amended to specify that they also apply to agricultural permit units.

Proposed Amended Rule 219 – Equipment Not Requiring A Written Permit Pursuant To Regulation II

This rule is amended to reflect the SB 700 requirement that removes the exemption from written permit for all agricultural permit units operated at agricultural sources that are subject to Title V or agricultural sources that have actual emissions equal to or greater than one-half the Title V emission thresholds. In determining the applicability of Title V, all fugitive emissions will be excluded and the fugitive dust, soil amendment and fertilizer emissions will not be included in the calculation of actual emissions. Further, the amendment specifies by what dates Applications for Permit to Construct and Operate are to be submitted. Existing agricultural sources requiring a Title V Facility Operating Permit were to have submitted the Title V permit application by June 29, 2004. Permit applications for existing agricultural permit units at agricultural sources subject to Title V are to be submitted by December 17, 2004. Permit applications for existing agricultural permit units at agricultural sources that are not subject to Title V but with actual emissions greater than one-half the Title V emission thresholds are to be submitted by June 30, 2005. Agricultural permit units at these sources that were constructed or modified after January 1, 2004 but before January 1, 2005 must submit Applications for Permit to Operate by March 5, 2005. In an effort to expedite the application submittal, Proposed Rule 312 would allow permit applications for agricultural permit units constructed or modified after January 1, 2004 but before January 1, 2005 and submitted before March 5, 2005, to be assessed the lower

Streamlined Standard Permit Fee of \$380.60. All permit applications for such units received after March 5, 2005, as well as permit applications for agricultural permit units constructed or modified on or after January 1, 2005, shall be subject to Rule 201 including the higher fee, if applicable, of Rule 301(c)(1)(D). Under this proposal, written permits will not be required for agricultural permit units at agricultural sources that are not subject to Title V and the actual emissions are one half or less than the Title V emission thresholds.

In addition, the rule has been amended to include an exemption from written permit for all orchard heaters that meet the requirements of California Health and Safety Code and for all orchard wind machines powered by greater than 50 bhp internal combustion engines, provided the engine is operated no more than 30 hours per year.

Proposed Rule 312 – Special Permitting Fees For Agricultural Sources

Proposed Rule 312 was developed to establish the permitting and associated fees for agricultural sources. Except as specified in the proposed rule, agricultural sources are subject to all the permitting and associated fees of Rule 301 – Permitting and Associated Fees, including annual operating permit renewal, Title V fees and fees for filing pursuant to Rule 222.

Agricultural permit units, including those for confined animal facilities and orchard wind machines installed and operated prior to January 1, 2004 at agricultural sources requiring written permits, pay the Streamlined Standard Permit processing fee of \$380.60. These permit units became subject to written permits upon enactment of SB 700 on January 1, 2004.

Consistent with past practice for existing equipment brought into the written permit system by amendments to Rule 219, new source review requirements will not be applicable to the initial permit issuance for agricultural permit units constructed or operated prior to the effective date of SB 700, January 1, 2004 and therefore that analysis will not be required for the initial permit evaluation. In addition, Engineering and Compliance is developing standard permit packages for the existing types of equipment or operations requiring written permits at agricultural sources. Staff believes the reduced fee more accurately reflects the cost of the initial permit processing for the streamlined permitting of these existing agricultural permit units than the current fee schedules of Rule 301.

On the other hand, equipment installed or altered and operated or operations altered or commenced after January 1, 2004 are subject to all AQMD requirements, including new source review and the permit evaluation required for permit issuance is no different than that required of any other source regulated by the AQMD. Although the appropriate permit processing fees are those of Rule 301, as an incentive to expedite the application submittal process, staff is proposing the Streamlined Standard Permit Processing Fee for

applications received by March 5, 2005, for equipment or operations newly installed or modified on or after January 1, 2004, but before December 31, 2004. This incentive applies only to the fees. All other rule requirements, including new source review, will apply. Applications received after the March 5, 2005 date for equipment or operations installed, amended, or modified after January 1, 2004, as well as applications for agricultural permit units constructed or modified on or after January 1, 2005 shall pay fees per Rule 301, including the higher fee for installation, operation, or alteration without obtaining a Permit to Construct, where appropriate. Likewise, whether new or existing permit units, the analysis required for those sources subject to Title V are no different than the cost of services funded by annual operating permit renewals, with one exception. Staff believes the appropriate annual operating fee renewal for confined animal facilities, conveyORIZED feed storage and distribution systems at confined animal facilities and orchard wind machines should be \$207.82 per agricultural permit unit, as defined in Rule 102.

Regarding annual emission fees for agricultural sources, staff is recommending they be held in abeyance for a year. Particularly for the animal-related emissions, it is not clear how many sources would be subject to emission fees. There are several studies underway aimed at updating the animal-related emission factors and this work is scheduled for completion by July 2005. Staff will continue to work with the agricultural industry and other interested parties on the issue of emission fees and emission factors. Staff also intends to develop guidelines for annual emissions reporting that take into account the most up-to-date emission factors. To allow additional time for the completion of this work, staff has modified its original proposal and is now recommending to postpone the applicability of annual emission fees by one year. Specifically, annual emission fees will be required only for emissions generated during the fiscal year starting July 1, 2005 and thereafter.

Proposed Rule 312 is designed to be a fee rule that transitions agricultural sources into the written permit system. Ultimately, the permit processing and associated fees for agricultural sources should be fully governed by Rule 301. Staff recommends this occur as part of the next regularly scheduled amendment of Rule 301, next year. Therefore, Proposed Rule 312 will be in effect only through June 30, 2005. Any further adjustments or special fees for agricultural sources can be considered with any other proposed amendments to Rule 301, next year.

Issues

During the public outreach phase of this rulemaking, staff received comments on several issues. Each of these are addressed in the comments and responses included in Attachment G. Although staff is continuing to work with the stakeholders to resolve those issues, there may be comments at the public hearing, primarily because of the need to expedite this rulemaking. The following summarizes those issues most likely to be heard. They are addressed in more detail in Attachment G.

- ▶ Extend the comment period and postpone the hearing.

SB 700 requires written air quality permits at large agricultural sources. The staff proposal reduces the permit fees for the agricultural sources that require permits and allows most sources that are impacted until June 30, 2005 to submit applications. Postponement of the hearing to January or a later date will require all impacted sources to submit applications by December 31, 2004 to be in compliance with existing rules and pay the much higher permit processing fees of Rule 301.

- ▶ Split the proposal and adopt the fee reduction but postpone the other rule amendments to a later date.

It is not possible to comply with the requirements of SB 700 and the commitments under Title V without amending AQMD's permitting and other administrative rules to identify and clarify what requires a permit and what does not. Further, the staff proposal provides more time for permit application submittal than the rules currently do, providing a smoother transition for agricultural sources into the permit system and a more favorable fee schedule.

- ▶ Delay implementation of emission fees until the 2005-2006 time period.

SB 700 requires permits for equipment that emits or controls the emission of air contaminants at large agricultural sources. In addition, it requires permits for animal operations that are not associated with equipment. Neither the AQMD nor any other local agency in California has any experience issuing permits for non-equipment animal-related emissions. In addition, there are several studies underway aimed at evaluating and updating animal emission factors. This work is expected to be completed in mid-2005. Because of the anticipated revisions in animal-related emissions and the work statewide about to be completed to address that issue, as well as the annual emissions reporting guidelines that must be developed, staff recommends that implementation of emission fees be postponed until the 2005-2006 reporting period. Staff will continue to work with the agricultural industry, CARB and other interested parties to develop the methods to accurately determine emissions from agriculture.

- ▶ The staff proposal places all non-equipment animal emission-related operations at a farm, dairy, or ranch under a single permit. Since these operations and number of animals continually vary, new permit applications will be required for every alteration in production operations and number of animals.

District rules currently do not address the permitting of non-equipment animal-

related emission operations that require permits under SB 700 at agricultural sources that exceed one half the Title V emission thresholds. It was staff's intent to issue one permit for all animal operations rather than multiple permits for each process such as feeding, housing, waste disposal, etc. Further, staff intends to issue the permit based upon a generic description of the operation so that insignificant changes in animal count or the physical characteristics of the operation would not constitute an alteration that would require a permit modification.

- ▶ Exempt agricultural permit units built, altered, installed or replaced after January 1, 2004 and before January 1, 2005 from the requirement for a permit to construct.

The AQMD permit system is a two-step process that entails an evaluation prior to construction, alteration, installation or replacement of a permit unit to establish that all AQMD requirements will be met and then after construction, alteration, installation, or replacement is complete, an assessment to verify consistency with the proposal and ensure the operation of the permit unit complies with all AQMD requirements. Pre-construction review, such as that of the AQMD permit system is mandated by state law and federal law in Title I for major emission sources. SB 700 became effective January 1, 2004 and therefore equipment or operations subject to permit by SB 700 that were built, altered, installed or replaced since the effective date are subject to pre-construction review requirements. The AQMD has no authority to exempt sources from these state and federally mandated requirements. However, staff proposes extending the lower Streamlined Standard Permit Fee and will forego the additional fee of Rule 301(c)(1)(D) for these agricultural permit units provided applications are submitted prior to March 5, 2005. Lower fees aside, these agricultural permit units will still be required to comply with all applicable AQMD requirements.

Comparative Analysis

Federal Clean Air Act requirements for permitting of major stationary sources (Title V) apply to stationary facilities that exceed the potential-to-emit thresholds and also apply to agricultural operations that exceed the same thresholds.

The proposed amendments do not add to or amend any local, or federal emission limits or monitoring, reporting, and recordkeeping requirements including test methods, format, content, and frequency, so there are no requirements to compare.

CEQA Analysis

Pursuant to state California Environmental Quality Act (CEQA) Guidelines, the District is the Lead Agency and has prepared a NOE for the project identified above.

The District has reviewed the proposed project pursuant to state CEQA Guidelines §15002(k)(1), the first step of a three-step process for deciding which document to prepare for a project subject to CEQA. Since it can be seen with certainty that the proposed project has no potential to adversely impact air quality or any other environmental area, it is exempt from CEQA pursuant to state CEQA Guidelines §15061(b)(3) – Review for Exemption. In addition, imposing fees in PR 312 charged by the public agency to meet operating expenses incurred by permitting and enforcement of the new rule is exempt from CEQA requirements pursuant to CEQA Guidelines §15273(a).

The NOE has been prepared pursuant to state CEQA Guidelines §15062 – Notice of Exemption. The NOE will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties immediately following the adoption of the proposed project.

The NOE is attached to this Board Letter.

Socioeconomic Impacts

Based on the 2004 Dun and Bradstreet data, there are approximately 966 agricultural facilities in the four-county region. These include facilities in the production of crops, livestock and animal specialties, and agricultural services. Of these 966 facilities, approximately 28% are in Los Angeles County, 12% are in Orange County, 34% are in Riverside County, and 26% are in San Bernardino County. Dun and Bradstreet data on gross annual receipts indicate that many of these facilities would be classified as small businesses based on the federal Small Business Administration's definitions of small businesses.

Proposed Rule 312 specifies a Streamlined Standard Permit processing fee of \$380.60 and an Annual Operating Permit Renewal of \$207.82 per agricultural permit unit. These discounted fee rates would automatically expire after June 2005. Other permitting and associated fees are outlined in Rule 301 and remain unchanged. Estimated revenue from agricultural facilities would be \$0.37 million for the one-time permit processing and \$0.20 million for annual operating fees.

Estimated emissions fees would be \$0.55 million, based on emissions fees of \$214.42 per ton of NOx and \$366.50 per ton of VOC and assuming that 200 facilities would have emissions between 5 to 10 tons per year. The actual number of agricultural facilities that would require permits may be lower.

Among the 966 agricultural facilities, crop production would be expected to pay 55% of estimated fees, and livestock and animal specialties would pay 45% of estimated fees. Implementation of the proposed rule and amendments will allow for the collection of

more data on agricultural facilities to better analyze the socioeconomic impacts on this sector, and differential impacts by type of farming operation.

AQMP and Legal Mandates

The California Health and Safety Code require the AQMD to adopt an Air Quality Management Plan (AQMP) to meet state and federal ambient air quality standards in the South Coast Air Basin. In addition, the California Health and Safety Code require that the AQMD adopt rules and regulations that carry out the objectives of the AQMP. Furthermore, SB 700 already enacted into law, eliminates the exemption of certain agricultural sources from the permitting requirements. California Health and Safety Code authorizes the AQMD to adopt a fee schedule to cover the reasonable cost of permitting, planning, enforcement and monitoring.

Public Process

District staff has conducted a number of outreach meetings since SB 700 was enacted. District staff has also attended several public forums and met with members of farm bureaus, farmers, ranchers and other impacted stakeholders. As a courtesy to this previously unpermitted sector, District engineers have visited about 100 farms and agricultural sources to apprise them of SB 700 and help them determine their permit requirements, which is typically not done for other categories of regulated sources. Earlier on, survey forms were mailed out to individual agricultural sources, farm bureaus and other organizations to assess the number of facilities and equipment and to make these stakeholders aware of the implications of SB 700.

A public workshop meeting was held on August 31, 2004 to inform stakeholder about the proposed changes to BACM and BARCT rules, and a public workshop was held on October 19, 2004 to discuss this proposal. With the assistance of the farm bureaus, a working group has been established and there have been several meetings of the working group. The working group has met on October 26, November 3, and November 10, 2004. Staff will continue through the working group to address implementation of this proposal, as well as issues related to and implementation of other requirements of SB 700. Further, staff will report periodically on the issues and implementation of SB 700 to the Stationary Source Committee of the Board.

A Public Workshop for the above proposed amendments and adoption was held on October 19, 2004.

Comments have been received throughout the public outreach process. Comments and their responses are included in this Board letter as Attachment G.

Resource Impacts

SB 700 requirements can be accommodated within the current staffing levels.

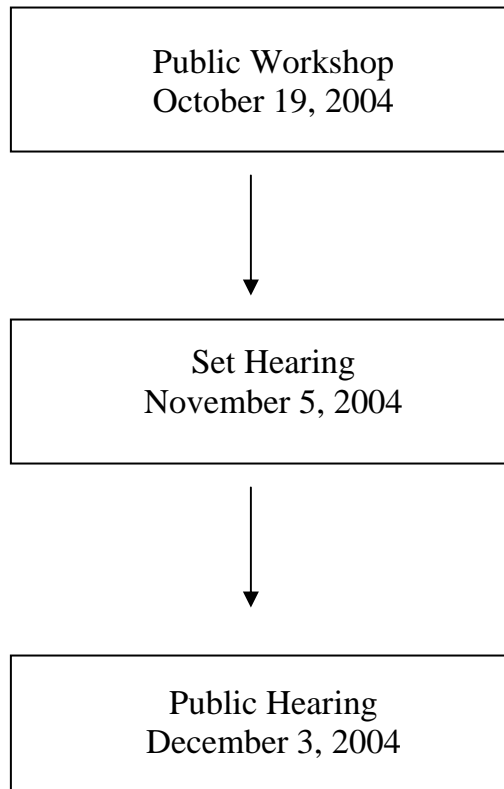
Attachments

- A. Rule Development Process
- B. Key Contacts
- C. Resolution
- D. Summary of Proposals for Rules Amendments and Adoption
- E. Rule Language
- F. CEQA – Notice of Exemption
- G. Comments and Responses
- H. Prototype Model of Emissions Calculations at Typical Agricultural Facilities
- I. Fee Savings Provided by Proposed Rule 312 for Agricultural Operations

ATTACHMENT A

RULE DEVELOPMENT PROCESS

Proposed Amended Rules 102, 201, 201.1, 202, 203, 219, and Proposed Rule 312



Total Time Spent
In Rule Development: 3 Months

ATTACHMENT B

KEY CONTACTS

Proposed Amended Rules 102, 201, 201.1, 202, 203, 219, and Proposed Rule 312

Alan Lee
Avanti Environmental

George Estes
Chino, CA 91710

Kathy Nakase
OC Farm Bureau

Alene M. Taber
Jackson, DeMarco &
Peckenpaugh

Greg Adams
LACSD

Kathy Reifkert
Kallisto Greenhouses

Barbara Cook
CARB

Greg Young
Cocopaln Nurseries /
W.D.Young & Co.

Aleta Kennard
SMAQMD

Bob Feenstra
California Milk
Producers Council

Jim Reifkert
Kallisto Greenhouses

Kevin Clutter
PEPA

Brent Newell
Center on Race, Poverty
& the Environment

John B
Menifee, CA 92584

Mary B. Parente
L&M Dairy

Bruce Scott
Scott Bros. Dairy Farm

John Billheimer
Enviro-Reality

Nathan De Boom
Milk Producers Council

Carol McLaughlin
CARB

John Borges
Western United
Dairymen

Noyel Muyco
SoCal Gas

Cynthia Cory
California Farm Bureau

John Kazarian
Tierra Verde Inc.

Patricia Van Dam
National Dairy Board

Don Bell
UCR Co-op Extension,
Aviary Div.

Joseph Hower
Environ

Patrick Gaffney
CARB

Don Brown
Norco/McAnally

Julia Lester
Environ

Paul Martin
Western United
Dairymen

Doug Kuney
UCR-Riverside Ext.

Kathleen Burr
LA County Farm
Bureau

Pete Marcum
Redlands Farming Co.

Rachael R. Scott
SBC Farm Bureau

Steve Pastor
Riverside County Farm
Bureau

Steve Simons
SoCal Gas

Thomas Liu
Rowland Heights, CA

Tony Andreoni
CARB

Will Harrison
Sunrise Growers

Wilma Dreessen
ENSR Intl.

ATTACHMENT C

RESOLUTION

A Resolution of the Governing Board of the South Coast Air Quality Management District (AQMD) certifying that proposed amendments to Rule 102 – Definition Of Terms; Rule 201 – Permit To Construct; Rule 201.1 – Permit Conditions In Federally Issued Permits To Construct; Rule 202 – Temporary Permit To Operate; Rule 203 – Permit To Operate; Rule 219 – Equipment Not Requiring A Written Permit Pursuant To Regulation II; and Rule 312 – Special Permitting Fees For Agricultural Sources, are exempt from the requirements of the California Environmental Quality Act (CEQA).

A Resolution of the Governing Board of the AQMD amending Rules 102, 201, 201.1, 202, 203, and 219.

A Resolution of the Governing Board of the AQMD adopting Rule 312,

WHEREAS, the AQMD staff reviewed the proposed project and determined that it is exempt from the requirements of CEQA; and

WHEREAS, the AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 40000, 40506, 40510, 40702, 40725 through 40728, 42301.16 and 42301.18 of the California Health and Safety Code; and

WHEREAS, the AQMD Governing Board has determined that a need exists to amend Rules 102, 201, 201.1, 202, 203, and 219, to comply with Senate Bill 700 (SB 700); and

WHEREAS, the AQMD Governing Board has determined that a need exists to adopt Rule 312 to provide a permit processing and associated fee schedule for agricultural sources required to comply with the permit issuance requirements mandated by SB 700 and ensure smooth transitioning of such sources into permitting; and

WHEREAS, the AQMD Governing Board has determined that Rules 102, 201, 201.1, 202, 203, and 219, as proposed to be amended, are written or displayed so that their meaning can be easily understood by the persons directly affected by them; and

WHEREAS, the AQMD Governing Board has determined that Rule 312, as proposed to be adopted is written or displayed so that its meaning can be easily understood by the persons directly affected by it; and

WHEREAS, the AQMD Governing Board has determined that Rules 102, 201, 201.1, 202, 203, and 219, as proposed to be amended, are in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, the AQMD Governing Board has determined that Rule 312, as proposed to be adopted is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, a public hearing has been properly noticed in accordance with the provisions of Health and Safety Code Section 40725; and

WHEREAS, the AQMD Governing Board has held a public hearing in accordance with all provisions of law; and

WHEREAS, the AQMD Governing Board, in amending these rules, references the following statutes which the AQMD hereby implements, interprets, or makes specific: Health and Safety Code Sections 39011.5, 40500.1, 40510, 42301, 42301.16, and 42301.18; and

WHEREAS, the AQMD Governing Board has determined that Health and Safety Code Section 40920.6 is not applicable to Proposed Rule 312, as proposed to be adopted, since the proposed rule is not Best Available Retrofit Control Technology rules and does not regulate air contaminants; and

WHEREAS, the AQMD Governing Board has determined that Rules 102, 201, 201.1, 202, 203, and 219, as proposed to be amended, and Proposed Rule 312, as proposed to be adopted, do not impose the same requirements as any existing state or federal regulation and are necessary and proper to execute the power and duties granted to, and imposed upon, the District; and

WHEREAS, the AQMD Governing Board has determined that the socioeconomic impact assessment of Rules 102, 201, 201.1, 202, 203, and 219, as proposed to be amended, and Rule 312, as proposed to be adopted, is consistent with the March 17, 1989 Board Socioeconomic Resolution for rule adoption; and

WHEREAS, the AQMD Governing Board specifies the manager of Proposed Amended Rules 102, 201, 201.1, 202, 203, and 219, as proposed to be amended, and Rule 312, as proposed to be adopted, as the custodian of the documents or other

material which constitute the record of proceedings upon which the adoption of these proposed amendments and rule adoption is based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California; and

NOW, THEREFORE, BE IT RESOLVED, that the AQMD Governing Board does hereby certify the Notice of Exemption for Rules 102, 201, 201.1, 202, 203, and 219, as proposed to be amended, and Rule 312, as proposed to be adopted, completed in compliance with state CEQA Guidelines Sections 15002(k)(1), 15061(b)(1), and 15273, and that it was presented to the Governing Board, whose members reviewed, considered, and approved the information therein before acting on Rules 102, 201, 201.1, 202, 203, and 219, as proposed to be amended, and Rule 312 as proposed to be adopted and the Board further finds that the fees specified in Rule 312 are adopted for the purpose of meeting operating expenses, purchasing or leasing supplies, equipment or materials, and meeting financial reserve needs; and

BE IT FURTHER RESOLVED, that the AQMD Governing Board finds that Rule 312, as proposed to be adopted, establishes special permitting fees charged for the purposes of meeting requirements of SB 700 for agricultural sources; and

BE IT FURTHER RESOLVED, that the AQMD Governing Board does hereby approve the Socioeconomic Impact Assessment; and

BE IT FURTHER RESOLVED, the AQMD Governing Board directs staff to continue to work with the agricultural community and other interested parties to further refine the socioeconomic impacts of emission fees based upon the information received from the agricultural community and from the AQMD permitting activities, and, if warranted, recommend adjustments to such fees in future amendments to Regulation III; and

BE IT FURTHER RESOLVED, that the AQMD Governing Board directs staff to continue working with the agricultural community and other interested parties to address implementation and other issues related to this and other rulemaking required to implement Senate Bill 700 (Florez) – Agriculture and Air Quality; and

BE IT FURTHER RESOLVED, that the AQMD Governing Board directs staff to report periodically, as necessary, to the Stationary Source Committee on the implementation of Senate Bill 700 (Florez) – Agriculture and Air Quality; and

BE IT FURTHER RESOLVED, that the AQMD Governing Board does hereby amend Rules 102, 201, 201.1, 202, 203, and 219, and does hereby adopt Rule 312, pursuant to the authority by law, as set forth in the attached and incorporated herein by this reference.

DATE: _____

CLERK OF THE BOARD

ATTACHMENT D

SUMMARY OF PROPOSALS FOR RULE AMENDMENTS AND ADOPTION

RULE 102:

Add or modify definitions of:

- ▶ Agricultural Permit Unit
- ▶ Agricultural Source
- ▶ Confined Animal Facility
- ▶ Hazardous Air Pollutant
- ▶ Orchard Heater
- ▶ Orchard Wind Machine

RULES 201, 201.1, 202, and 203:

Add “agricultural permit unit” making them subject to the requirements of the above rules.

RULE 219:

1. Require written permits from:
 - ▶ Title V Sources
 - ▶ Sources with actual emissions (including animal-related emissions) half Title V thresholds or greater
2. Establish deadlines for submitting applications for above
3. Exempt permit requirements for orchard heaters and infrequently operated orchard wind machines
4. Clarify that agricultural sources not subject to Title V and with actual emissions less than 50% of the Title V emission thresholds are exempt from permitting

RULE 312:

1. Establish standard streamlined permitting fee of \$380.60 for each existing agricultural permit unit as of January 1, 2004 and new equipment installed after January 1, 2004 and before January 1, 2005
2. Propose annual operating permit renewal fee of \$207.82 for confined animal facilities
3. All other fees subject to Rule 301; however, emissions fees applicability postponed for one year, and will be applicable for fiscal year starting July 1, 2005 and thereafter
4. Rule sunsets June 30, 2005; except for emissions fees, Rule 301 applicable to agricultural sources after that date

ATTACHMENT E
RULE LANGUAGE